



State of Michigan

Revenue Estimates, State and Local Spending Pressures, and the FY 2006-07 Budget

January 22, 2007



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OPENING REMARKS

This discussion will cover a number of interrelated topics:

- The results of the January 18 Consensus Revenue Estimating Conference and some of the immediate implications of the numbers.
- Some of the spending pressures facing state and local government over the next few years.
- A ten-year history of GF/GP and SAF revenue and the impact of the economy and policy changes on revenue.
- The GF/GP and K-12 budgets—and the areas of the state budget to be considered as the Legislature works toward short-term and long-term solutions.



Consensus Revenue Agreements

Revenue Estimates (Millions of Dollars)

FY 2006		FY 2007	
GF/GP Reduced	\$90.4	GF/GP Reduced	\$233.7
SAF Reduced	<u>\$115.9</u>	SAF Reduced	<u>\$322.4</u>
Total Reduction	\$206.3	Total Reduction	\$556.1



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Revenue collections looked reasonably good through the summer and it looked like the consensus estimates for FY 2005-06 would be pretty much on target. In the last few months, however, the economy and revenue collections have declined precipitously. As a result of slower growth, the FY 2005-06 revenue was \$206.3 million lower than anticipated.

In addition, the Consensus Revenue Estimating Conference reduced FY 2006-07 GF/GP estimates by \$233.7 million, and SAF estimates by \$322.4—for a total reduction of \$556.1 million.

The current-year budget was based on a beginning GF/GP fund balance of \$109.7 million and a beginning SAF fund balance of \$95.2 million—which didn't materialize.

Shortfalls

FY 2007 Revenue Shortfalls (Millions of Dollars)

GF/GP		SAF	
Resources	\$8,877.3	Resources	\$12,676.2
YTD Appropriations	<u>\$9,222.8</u>	YTD Appropriations	<u>\$13,053.5</u>
Balance	(\$345.5)	Balance	(\$377.3)




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The combination of slower-than-expected revenue in FY 2005-06, lower-than-expected budget lapse, and reduced estimates for the current fiscal year mean that:

- GF/GP is out of balance by at least \$345.5 million.
- The K-12 budget is out-of-balance \$377.3 million.
- The combined budget shortfall is at least \$722.8 million.



FY 2006-07 AND FY 2007-08 STATE SPENDING PRESSURES

Potential FY 2006-07 GF/GP Spending Pressures

	(Millions)
Medicaid budget adjustments from unrealized savings	\$100
Reduced April 2006/April 2007 Tobacco Settlement payments	\$84.6
Higher DHS caseload	\$20 – \$40
Lower DHS Jobs, Education, and Training (JET) savings	\$10 – \$20
Increased prison population; increased health care costs	<u>\$25 – \$35</u>
TOTAL	\$240 – \$280



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In addition to these shortfalls, additional potential spending pressures of \$240 million to \$280 million have been identified for the current fiscal year. These include:

- \$100 million of savings built into the Medicaid budget that likely will not be realized.
- \$84.6 million of Tobacco Settlement revenue built into the budget that is being held in escrow pending litigation.
- \$20 million to \$40 million from a higher-than-expected DHS caseload.
- \$10 million to \$20 million in lower-than-anticipated savings from the Jobs, Education, and Training (JET) pilot program.
- \$25 million to \$35 million in Department of Corrections from higher prison population and higher health care costs.

Please note that these are estimates, and they will change somewhat as better information becomes available. Considering the magnitude of the current shortfalls, it is anticipated that departments will probably be required to deal with some of these spending pressures internally. However, the Administration will probably ask the Legislature to fund part of them.

Members should understand that different shortfall estimates that have been reported by the press are estimates that include not only the \$345.5 million already noted above, but also include some of the potential spending pressures listed above.

FY 2008 Consensus Agreement

FY 2008 Revenue Estimates

(Millions of Dollars)

	<u>January Consensus</u>	<u>Change from FY 2007 Consensus</u>
Net GF/GP Revenue Growth	\$7,010.0	(14.8%) (\$1,220.0)
Net SAF Revenue Growth	<u>\$11,532.9</u>	2.7% <u>\$302.9</u>
Combined GF/GP and SAF Growth	\$18,542.9	(4.7%) (\$917.1)



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The Consensus Revenue Estimating Conference is required to base estimates on current tax law. Therefore, consensus GF/GP estimates for FY 2007-08 do not include any replacement of the SBT and are \$1.22 billion below the FY 2006-07 estimate. The estimates would be lower, but the state will receive some SBT payments for tax year 2007 in FY 2008.

School Aid Fund represents a 2.7% (\$302.9 million) increase from FY 2006-07.

To put FY 2008 growth into perspective, even with full replacement of the SBT, GF/GP revenue would only increase by about \$10 million.

Potential FY 2007-08 GF/GP Spending Pressures

	<u>(Millions)</u>
Medicaid budget adjustments	\$190
Increased debt service	\$10
Tobacco securitization debt service	\$46
Economics for Executive departments (contractual obligations)	\$138
Transfer to 21st Century Jobs Fund	\$75
Human Services: child support enforcement shortfall	\$20
Increased prison costs and replacing one-time revenue used in FY 2006-07	<u>\$203</u>
TOTAL	\$682



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About \$682 million in GF/GP spending pressures in FY 2007-08 have also been identified. These include:

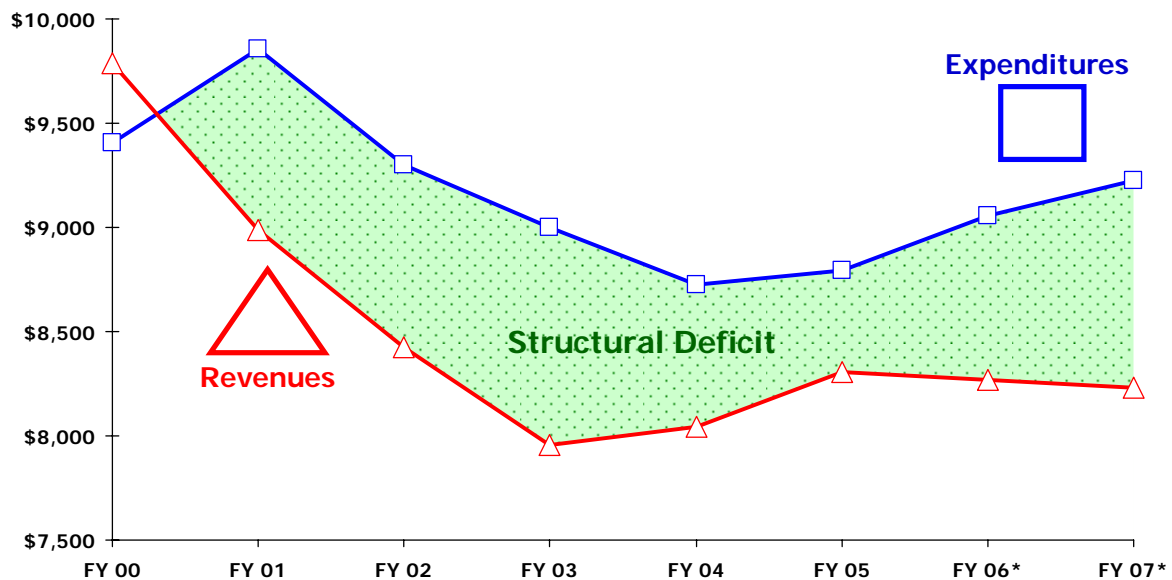
- \$190 million in increased Medicaid costs.
- \$10 million in increased debt service.
- \$46 million in tobacco securitization debt service.
- \$138 million in employee economics from contractual obligations for executive departments.
- \$75 million to be transferred to the 21st Century Jobs Fund.
- \$20 million in additional child support enforcement costs.
- \$203 million for increased prison costs and to replace one-time revenue used in FY 2006-07.

These estimates will also change as better information becomes available, and do not include increases in any other area of the budget such as Higher Education.

Moderate growth in the SAF is expected to occur in the next couple of years, but not much growth in GF/GP is expected—even with full SBT replacement. Reasons for expecting only limited growth in GF/GP in FY 2009 or FY 2010 include:

- State economic growth will continue to be slow as the domestic auto sector continues to restructure itself.
- The new Earned Income Tax Credit will reduce GF/GP revenue an estimated \$130 million in FY 2009 and \$300 million in 2010.
- As the three Detroit Casinos move into permanent facilities, their tax rate will be reduced—which will reduce GF/GP revenue about \$45 million.

GF/GP Dedicated Revenue vs. Expenditures



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The trend of declining GF/GP revenue is expected to continue. In nominal terms, revenue is lower than it was in 1997; when adjusted for inflation, it is below 1973 levels. Since 2000, GF/GP has been in a state of structural deficit as the state continued to use one-time sources to keep expenditures higher than otherwise would have been possible—but the state's options to continue this practice are becoming more limited.

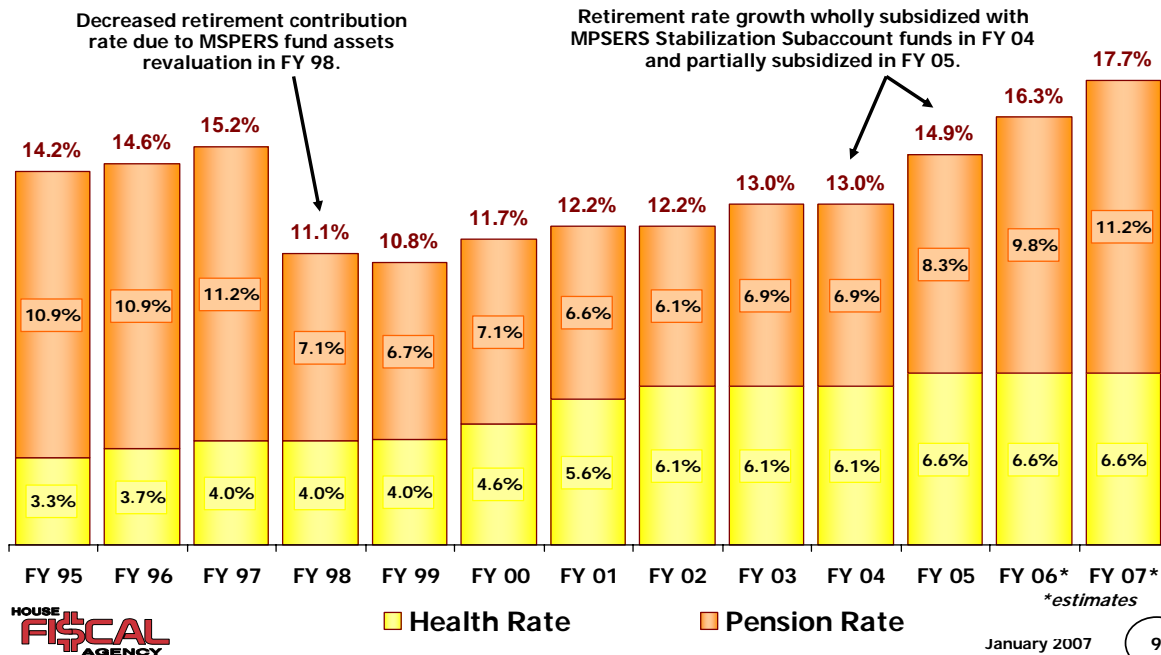
In addition to budget cuts, from June 2001 through December 2003 the GF/GP and SAF budgets were balanced with:

- \$1.26 billion withdrawn from the rainy day fund.
- \$870 million of SAF surplus.
- \$454 million of one-time surplus from changing the timing of SET collections.
- Approximately \$689 million in other one-time revenue from various fund shifts and land sales.

Since 2003, in addition to budget cuts and state employee contract concessions, the budget was balanced with:

- One-time fund transfers.
- Land sales.
- Savings (about \$200 million this year) from pulling forward county tax collections to create a reserve fund and temporarily suspending county revenue sharing.
- Other revenue sharing cuts and freezes.

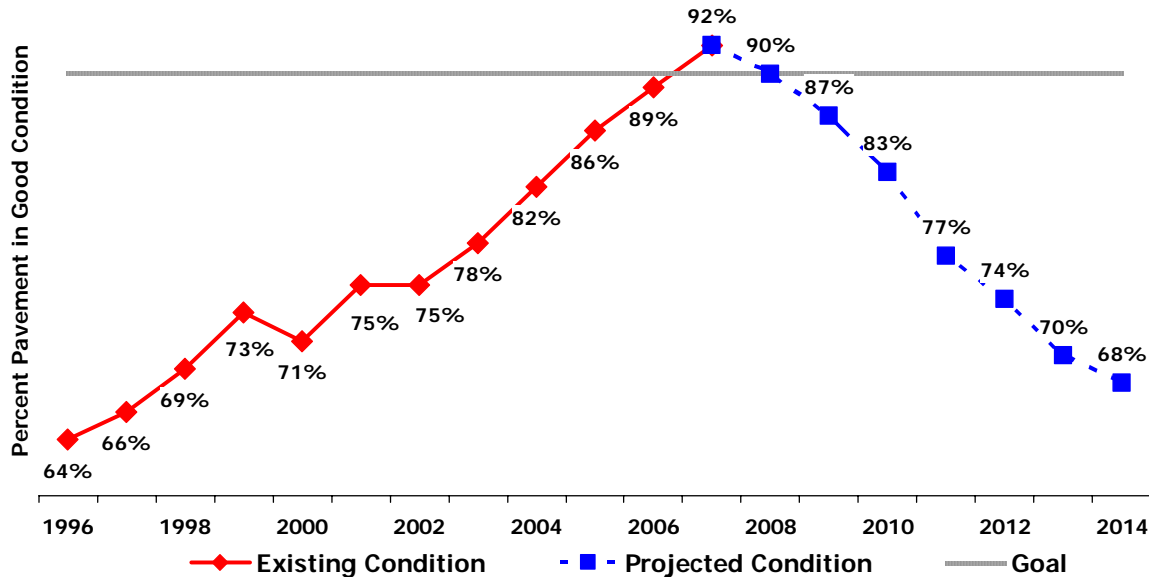
School Retirement Contribution Rate



Schools are also experiencing spending pressures—including costs associated with pensions and health care contributions. Many schools are also concerned about the impact of declining enrollment.

After declines due to actuarial revaluation and two years of being partially subsidized through fund surpluses, retirement contribution rates are increasing, and are estimated to be about 17.7% of payroll in FY 2006-07. The average retirement cost on a per-pupil basis is increasing and is currently estimated to be about \$1,051 per student.

Statewide Pavement Condition Combined Freeway and Non-Freeway



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Source: Michigan Department of Transportation website, from November 2006 MDOT presentation

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Although the Transportation budget is not experiencing the same budgetary shortfalls as GF/GP and SAF, Members should be aware of long-term challenges in Transportation funding.

Over the last ten years, average pavement quality has improved significantly, and over 90% of state pavement is now in good condition.

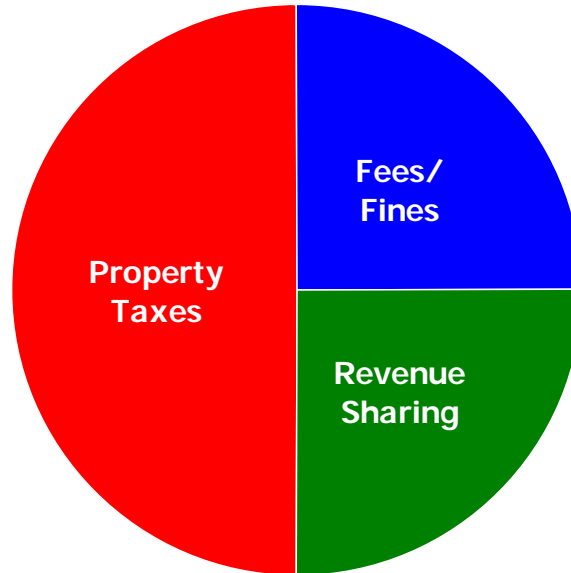
However, Michigan Department of Transportation's road preservation program will not be able to keep pace with anticipated pavement deterioration due to, in part, the following reasons:

- No significant increase in federal aid is expected in the near future.
- Growth in state fuel tax revenue has not kept pace with spending needs. The largest source, state gas tax, grew 0.6% in FY 2001-02 and has declined each year since.



LOCAL GOVERNMENT SPENDING PRESSURES

Local Government General Fund Revenue



Local units of government are facing spending pressures as well. On average, approximately 50% of General Fund revenue for local units comes from property taxes, and about 25% comes from fees and fines.

The remaining 25% comes from state revenue sharing—which has been either cut or capped since FY 2001.

Local Impact of Revenue Sharing Cuts

REDUCED OR ELIMINATED

▶▶ Capital projects

▶▶ Road and sidewalk maintenance

▶▶ Personnel



Source: Michigan Municipal League presentation (January 10, 2007)

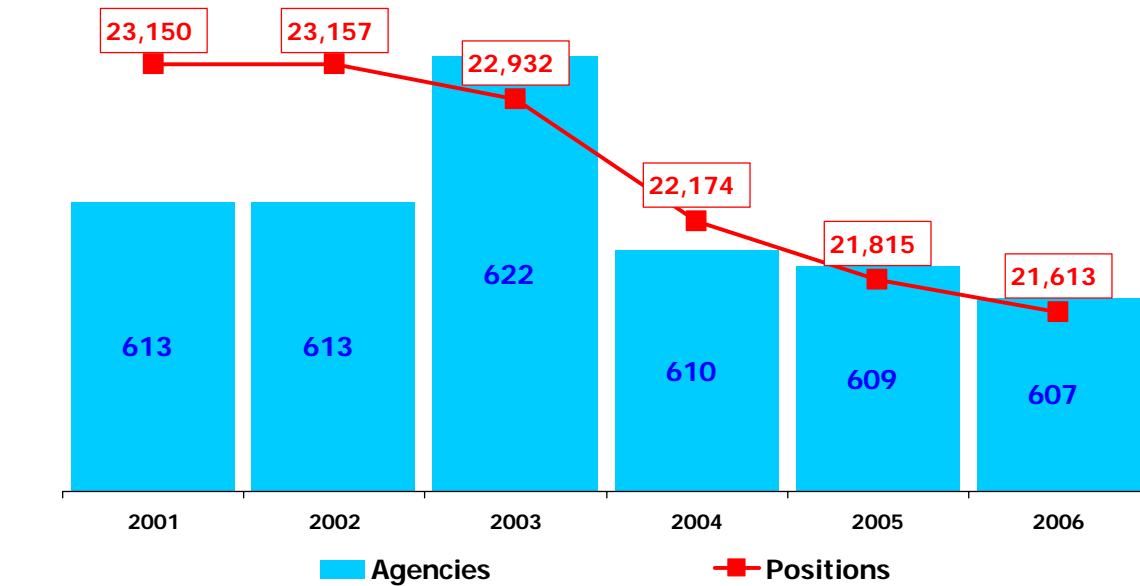
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Local government has responded to budgetary pressures by reducing or eliminating:

- Capital projects.
- Road and sidewalk maintenance.
- Personnel—including police and fire positions.

Law Enforcement



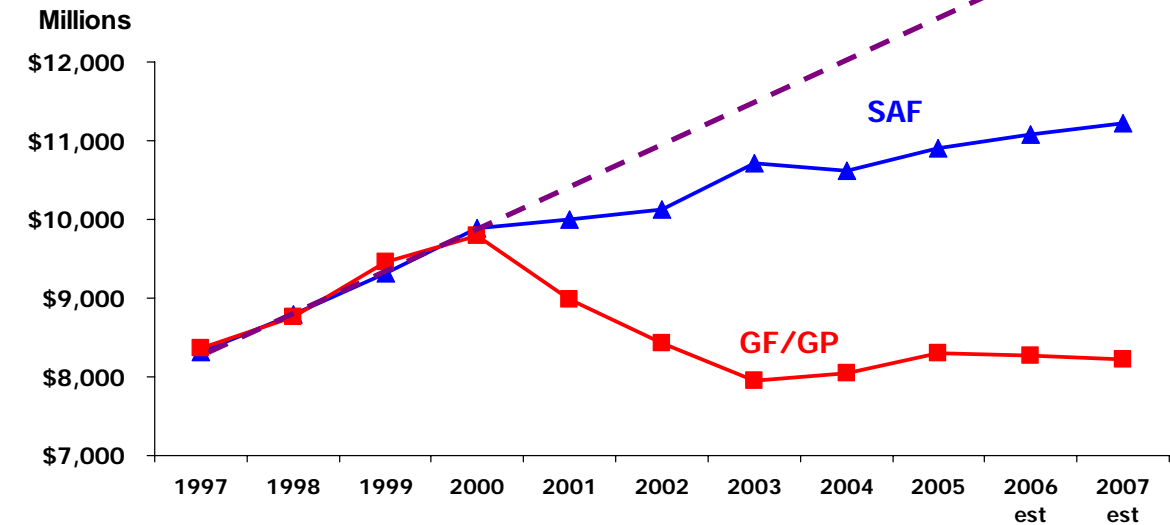
In the last five years, the number of local law enforcement positions declined 6.6%—from 23,150 in 2001 to 21,613 in 2006.

Michigan State Police testified last year that reductions in local law enforcement have shifted more responsibility to the State Police.



MICHIGAN'S BUDGET

GF/GP and SAF Net Revenue



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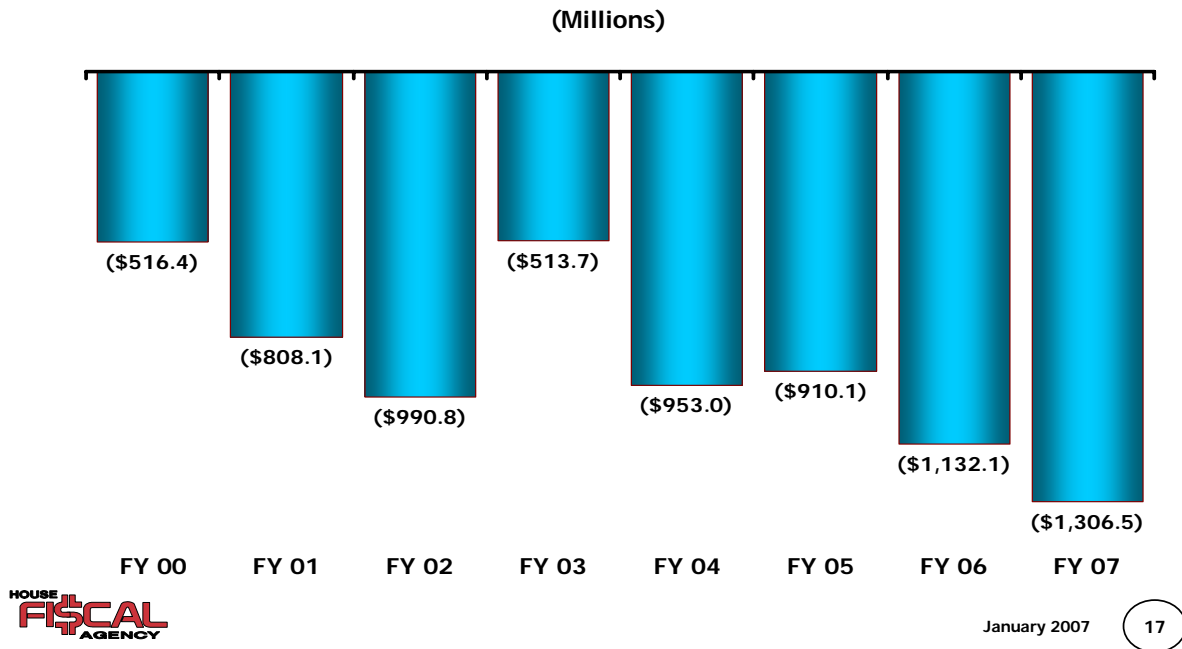
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This slide shows School Aid Fund and GF/GP history over the last ten years. The trend line on the graph demonstrates the amount of change since 2000 that is due to a slower state economy—and the amount that is due to tax cuts enacted since 2000.

Because tax cuts were structured in such a way as to hold the School Aid Fund harmless, the difference shown on the graph between the trend line and the SAF line is due to changes in state economic conditions. The difference between the SAF line and the GF/GP line is due to tax cuts.

As noted earlier, in nominal terms, GF/GP is lower than it was in 1997. Adjusted for inflation, GF/GP revenue is approximately equal to what it was in 1973.

Estimated Fiscal Impact of Major Revenue Changes



This slide shows the impact of net tax cuts since 1999, showing the difference between actual collections and what the collections would have been under the tax rates and tax base effective in 1999. It is estimated that net tax cuts since 1999 will reduce 2007 revenue by about \$1.3 billion.

Note that the net tax cuts explain most of the difference between SAF and GF/GP collections shown in the previous graph.

Constitutional Revenue Limit

State government takes \$5.1 billion less from the state economy



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May 2006 Consensus Estimate

January 2007

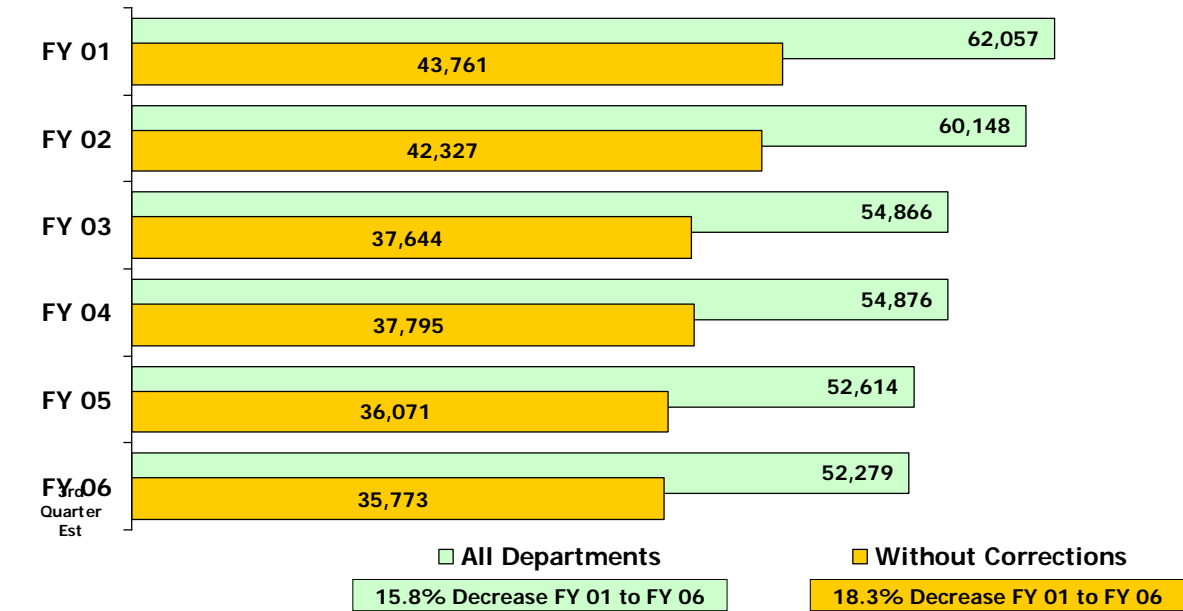
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The next two slides show how much smaller state government is today compared to 2000. The first slide compares the state's current revenue limit to the state revenue limit established in Article IX, Section 26, of the State Constitution. This is often referred to as the "Headlee limit."

The Constitutional Revenue Limit is a measure of how much money state government takes from the state economy each year. It is measured as total taxes and fees collected by the state as a percent of total state personal income.

This graph shows that state government's piece of the economic pie is about \$5.1 billion smaller in 2007 than it was in 2000.

Average # of Classified State Employees



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This slide provides a history of the number of state employees.

For all departments, employment has declined 15.8% since 2001. When Corrections employees—which now account for 31% of all state employees—are excluded, the decline everywhere else is 18.3%.

The Headlee limit and reductions in state employment are two measures that indicate state government is significantly smaller than it was just a few years ago.



Solutions to Structural Deficit

REDUCTIONS in State Services

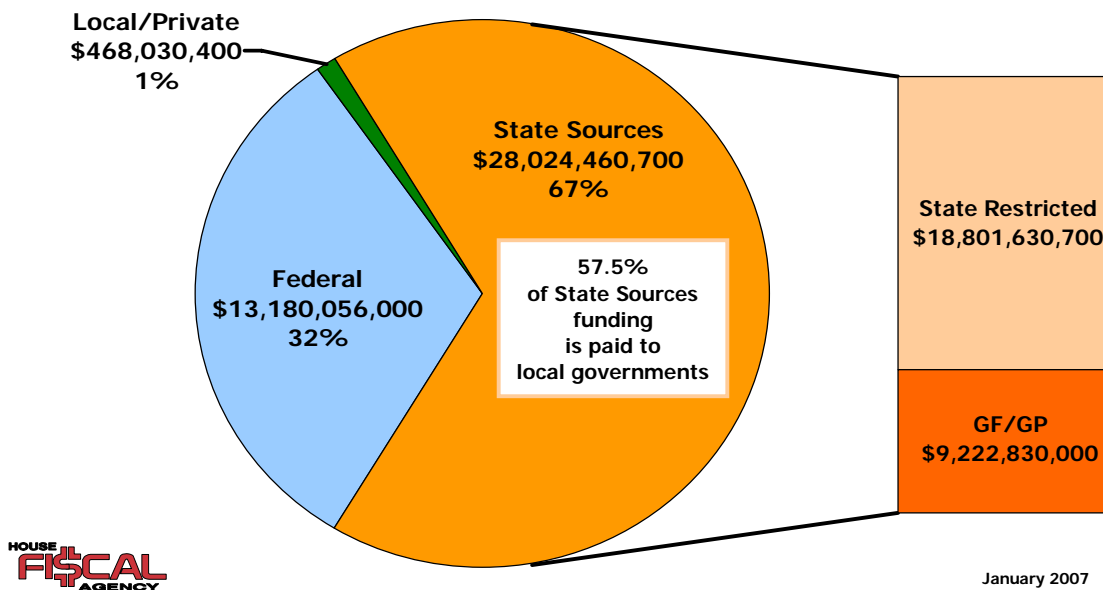
INCREASED State Revenue

REDUCTIONS in State Services + **INCREASED** State Revenue

There may be a temporary solution to the structural problems in the state budget that pushes the problem forward a bit further, but a solution to the state's structural deficit will inevitably involve either reductions in state services, increased state revenue, or a combination of state service reductions and increased revenue.

FY 2006-07 Budget Adjusted Gross Funding Sources

FY 2006-07 Adjusted Gross = \$41,672,547,100

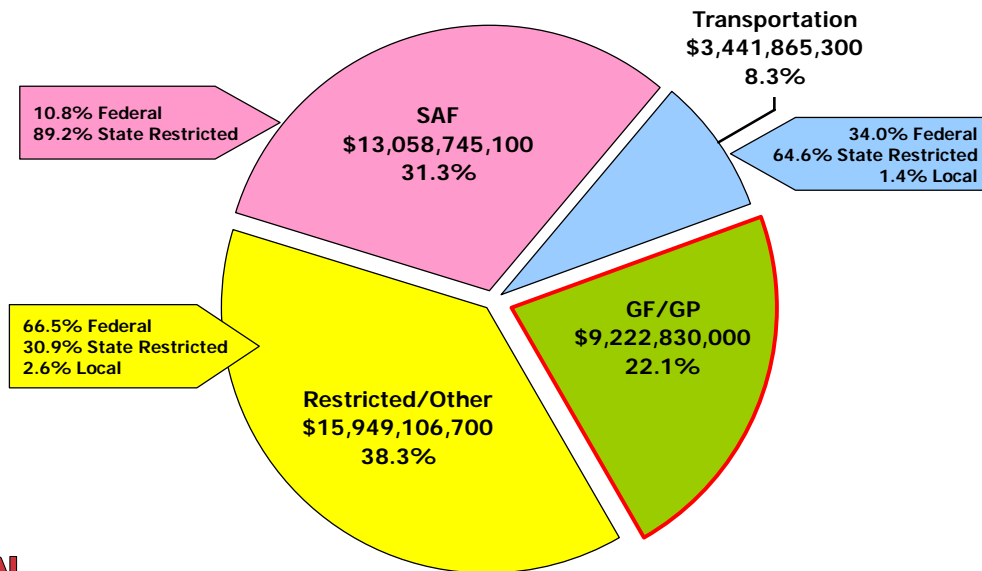


The following slides show the source of state resources, and the distribution of resources by major fund. They also demonstrate that even though the state has a \$41.6 billion budget—the amount of discretionary funding is much smaller.

- 32% of revenue in the state budget comes from the federal government—primarily for health care, welfare, and transportation. It all comes with strings attached; it's not discretionary.
- The small portion in this graph labeled Local/Private is primarily manufacturer rebates related to the WIC program, money from local mental health agencies that pays for mental health services at state hospitals, and county money for state foster care and juvenile justice services.
- “State sources” are all the taxes and fees the state levies. Of the \$28 billion in State Source Revenue for FY 2007, 57.5% goes back to local units of government—including schools and local road authorities.
- State restricted funds are funds whose use is limited by statute or by the Constitution. About two-thirds of State Source Revenue is restricted — primarily for schools, transportation, and local revenue sharing.
- The remaining third of state source revenue is GF/GP—22% of the total state budget as shown in this graph. GF/GP is generally considered discretionary.

FY 2006-07 Appropriations Funding

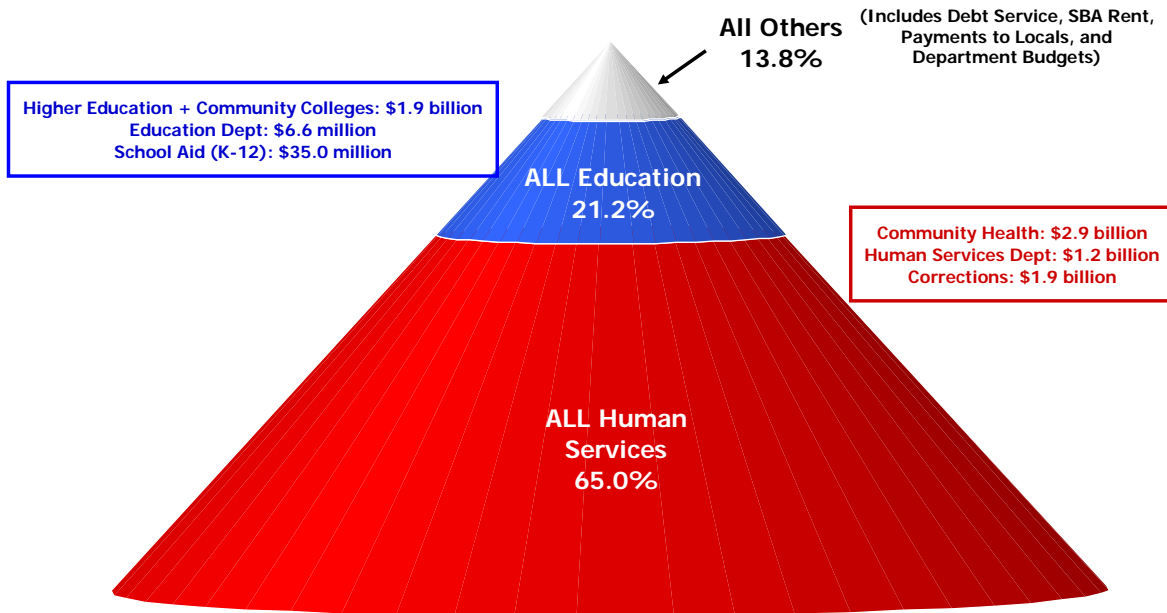
FY 2006-07 Adjusted Gross = \$41,672,547,100



This slide shows appropriations by major fund.

- The School Aid Fund (31.3% of the total) is constitutionally restricted.
- Transportation funds (8.3% of the total) are constitutionally restricted.
- The Other Restricted Funds slice of the pie (38.3% of the total) includes all of the federal funding for Medicaid, TANF, and Food Stamps. It also includes state revenue sharing and restricted funds from fees and fines that go to the State Police, the courts, and the Departments of Natural Resources and Environmental Quality.
- GF/GP is 22 % of the total. Approximately one-third of GF/GP is used for federal match or Maintenance of Effort.

FY 2006-07 GF/GP Appropriations



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The three-budget group of “All Human Services” accounts for 65% of all discretionary spending: Community Health = \$2.9 billion, Corrections = \$1.9 billion, and Department of Human Services = \$1.2 billion.

Another 21% of discretionary spending is for education—with Higher Education and Community Colleges combined accounting for \$1.9 billion.

All other discretionary spending represents only about 13.8% of the total GF/GP—including \$76.3 million in debt service and \$233 million of rent payments that pay the cost of state building authority bonds.

To put this into perspective, eliminating the Executive Office, the Legislature, and the Departments of State, Treasury, Management and Budget, Attorney General, Auditor General, Civil rights and Civil Service would save less than \$300 million. This slide demonstrates that if Members want to make significant reductions to the state GF/GP budget, they really need to look at Human Services and Education.

The next few slides show services that could be considered discretionary in the various human services areas, as well as some caseload trends. However, even though these services could be considered discretionary—reducing or eliminating these programs may have significant economic implications.



Medicaid Impact on Michigan's Budget

- Almost 25% of Michigan GF/GP revenue is appropriated by Medicaid
- 1 of 7 Michigan residents were eligible for Medicaid in September 2006
- 37% of births and 70% of nursing home expenditures in Michigan are financed through Medicaid
- Total state and federal Medicaid spending is over \$8.6 billion in FY 2006-07
- Since FY 1999-2000
 - 70.5% increase in Medicaid funding
 - 40.3% growth in Medicaid caseload (427,700 cases)



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The largest state-run GF/GP program is Medicaid:

- Almost 25% of GF/GP revenue is appropriated for Medicaid.
- 1 of 7 Michigan residents are eligible for Medicaid.
- 37% of births in Michigan and 70% of nursing home costs are covered by Medicaid.
- Total state and federal Medicaid spending is \$8.6 billion.
- Since FY 1999-00, Medicaid funding has increased 70.5% and Medicaid caseload has increased 40.3%.

An important thing to understand about Medicaid is that every \$1.00 spent by the state on Medicaid is matched by approximately \$1.27 from the federal government—so a \$1.00 state cut in Medicaid is actually a \$2.27 cut. A recent study prepared for the Institute for Health Care Studies and the Institute for Public Policy and Social Research at MSU concluded that a \$100 million cut in state Medicaid spending would reduce income to Michigan residents by \$180 million, and reduce state employment by 6,300 jobs. Another recent national study quoted by the Michigan Hospital Association in June 2006 found that increasing spending on Medicaid had a positive impact on personal income and job creation.

To put this into perspective, job creation through increased Medicaid spending costs about \$30,000 per job—according to the study; this is comparable to the average cost per job of \$33,000 from MEGA grants.

It is also important to distinguish between optional and non-optional services and caseloads. Medicaid is highly regulated by the federal government, and most of “who” the state covers and “what services” the state covers is mandated by the feds—there just isn't much flexibility.

Community Health Optional Services

	GF/GP (millions)
Optional Medicaid eligibility groups Estimated 301,100 persons affected	\$175.2
Optional Medicaid services Pharmacy, MIChoice home- and community-based, adult home help/personal care, hospice	\$438.0
1% provider reductions Mental health and substance abuse services, hospitals, physicians, nursing homes, health plans	\$25.4
Other CMH non-Medicaid services, multicultural services, local public health operations, non-Medicaid Healthy Michigan Fund, substance abuse services, aging services	<u>\$394.0</u>
TOTAL	\$1,032.6



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This slide lists \$1 billion in optional caseload and optional Medicaid and non-Medicaid services in the Department of Community Health budget.

“Optional eligibility groups” refers primarily to people slightly above the federal poverty line that federal law does not require—but does allow—the state to serve. About 2/3 of these are children living in households just above the poverty line—many of them single-parent households where the adults are the working poor. Some of the adults are the aged, blind or disabled.

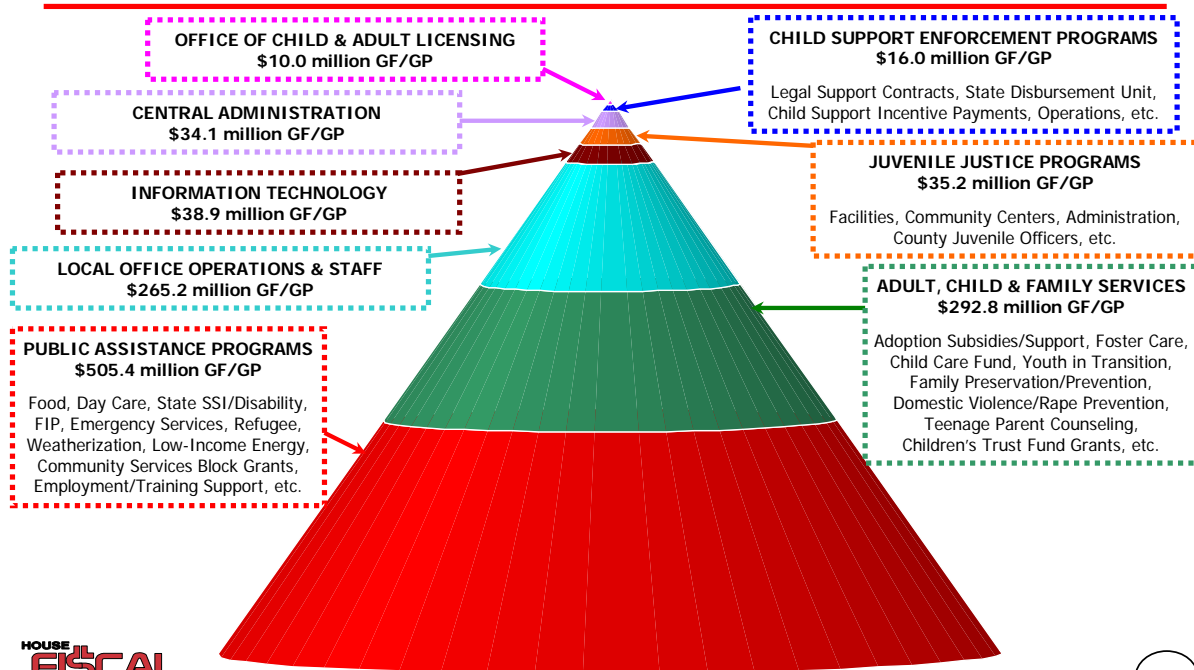
The most expensive non-mandatory Medicaid service is prescription drug coverage—about \$258 million. The other non-mandatory services go primarily to seniors, although some younger disabled persons also qualify.

Reimbursement rates to Medicaid providers could be reduced, but medical groups will claim that current rates don't cover the cost of providing services, and rate reductions may cause more doctors to refuse to treat Medicaid recipients.

There are also non-Medicaid services that could be reduced or eliminated. The largest is Community Mental Health (CMH on the slide) at about \$300 million. Members should be aware that the state has applied for a federal waiver that would allow the state to use that \$300 million to draw down an additional \$400 million from the feds for the proposed MI First Health Care Plan—so a cut could cost a great deal of federal funding.

As noted above, cuts can be made in this budget; however, Members should be aware of the economic implications of cuts in Department of Community Health services and caseloads.

Department of Human Services (DHS) FY 2006-07 GF/GP



This slide shows a breakdown of the Department of Human Services budget, which receives approximately \$1.2 billion in GF/GP.

About 88% of the GF/GP goes to three areas:

- 42% to public assistance.
- About 24% to various adult, child and family services.
- 22% to local offices operations and staff.



DHS Issues

- **Maintenance of Effort (MOE) for Temporary Assistance to Needy Families (TANF) block grant**
- **Federal matching funds**
- **New federal work requirements**

When thinking about the major programs in the Department of Human Services it is important to understand that:

- \$465 million of GF/GP revenue is used for MOE requirements on the \$775 million federal TANF block grant; most is in the Department of Human Services budget. Not meeting the MOE has significant negative consequences.
- Most of the rest of GF/GP spending in this area (\$630 million) draws federal matching funds—hence each \$1.00 state cut actually means a \$2.40 cut and has some of the same economic consequences as Medicaid cuts.

That leaves about \$100 million that is not being used for MOE or to draw down federal funds.

Another important issue is new federal work requirements. The state is using \$50 million of the \$100 million not tied up as MOE or matching funds in a program designed to help the state meet new federal work requirements. If the state doesn't meet the new requirements, it is at risk of federal penalties of up to \$100 million.

Considering all of the above, if GF/GP is reduced by more than \$50 million—the amount of funding that is not used as matching funds or MOE—there are potentially significant economic consequences.

Corrections Spending

- Corrections budget allots approximately 84% for prison operations and 16% for administration, parole/probation, and community corrections
- Prison growth factors include higher prison intake, longer sentences, and decreased parole rates
- Corrections optional programs:
 - Academic vocational programs: \$37 million GF/GP
 - Substance abuse testing/treatment: \$16.5 million GF/GP
 - Prisoner reintegration programs: \$11.5 million GF/GP
 - Community corrections: \$28.9 million GF/GP

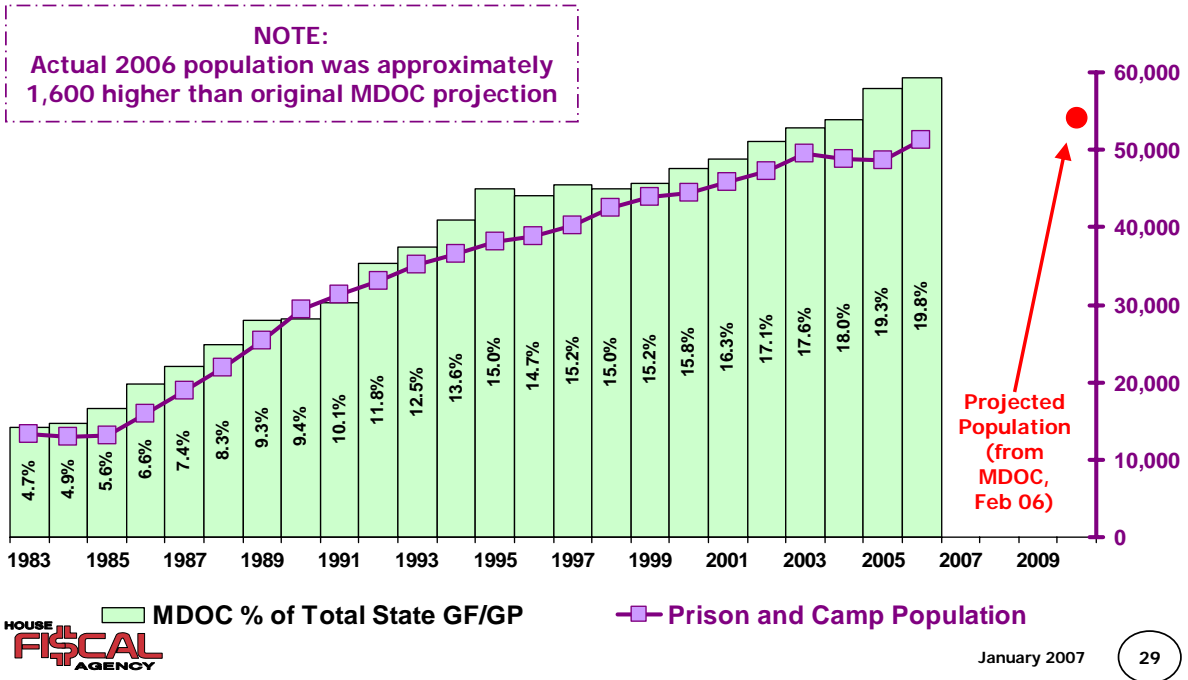
The other area of Human Services is Corrections. The current GF/GP appropriation is \$1.8 billion. Over 84% is for prison operations.

Some Corrections programs could be considered discretionary, however, reducing or eliminating them has the potential to increase long term costs. For example:

- Academic programs could be reduced or eliminated—but in general a prisoner can't get parole without a GED.
- Drug testing and treatment could be reduced or eliminated—but that also eliminates the ability to monitor prisoner and parolee behavior.
- Prisoner reintegration programs could be eliminated—but that may lead to higher rates of parole violations, higher incarceration rates, and higher prison costs.
- Reimbursement rates to locals who keep certain prisoners in local jails could be reduced — but that could also increase incarceration rates and costs at prisons.

Although there are areas in the Corrections budget that may be considered discretionary—there are also consequences to consider.

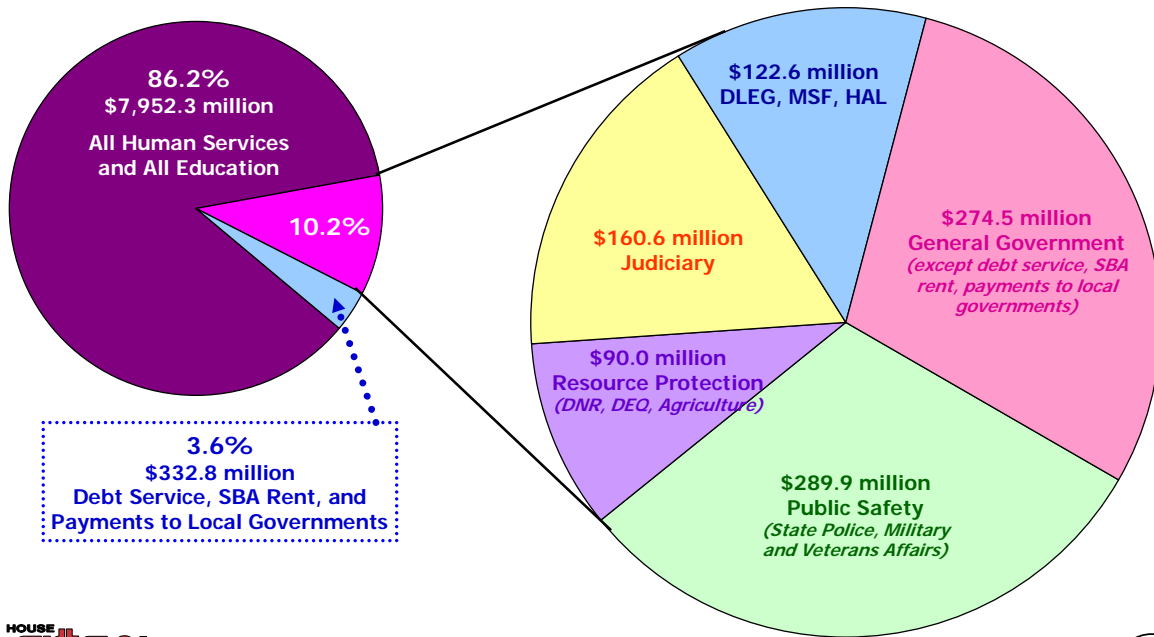
GF/GP and MDOC Prison/Camp Population



This slide shows prisoner population and cost trends; costs are a function of prisoner population.

Increased prison population is due primarily to the impact of policy changes in recent years such as mandatory minimums, zero tolerance, and three strikes.

FY 2006-07 GF/GP



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Approximately 10.2% of the GF/GP budget is not related to human services, education, or debt service including:

- \$289.9 million for public safety (Michigan State Police and Military and Veterans Affairs).
- \$274.5 million for the nine General Government budgets.
- \$160.6 million for the Judiciary.
- \$122.6 for economic development (Labor and Economic Growth and Michigan Strategic Fund) and History, Arts, and Libraries.
- \$90 million for resource protection (Natural Resources, Environmental Quality, Agriculture).

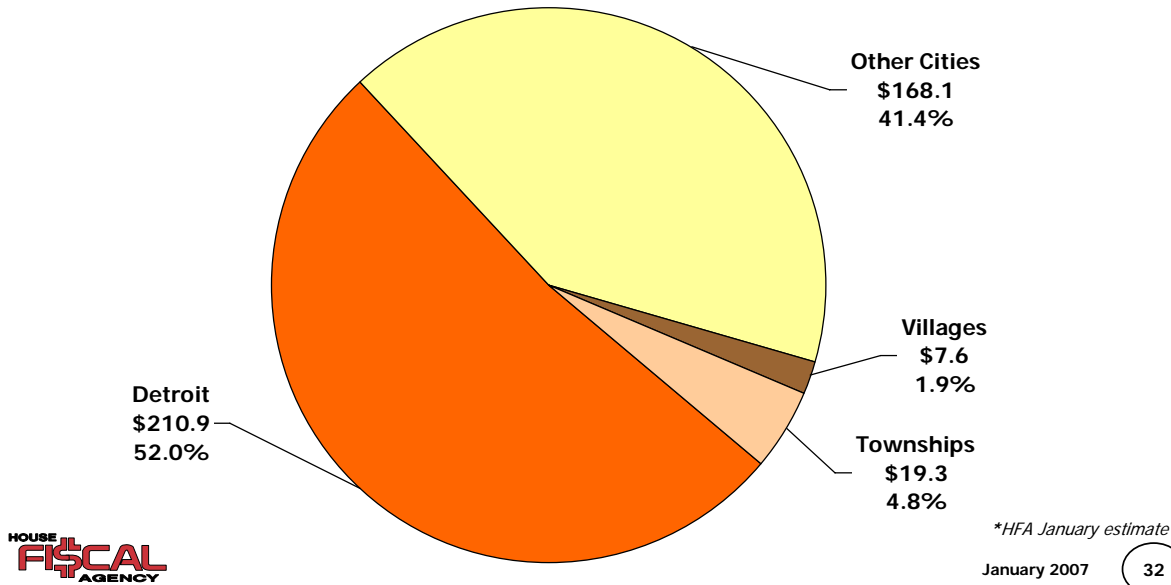
Some areas in these budgets may be considered discretionary; however, they represent only 10.2% of the GF/GP budget. Therefore, there isn't as much potential for budget cuts in these areas as there is in the human services and education budgets.



FY 2006-07 STATE RESTRICTED APPROPRIATIONS

Statutory Revenue Sharing Payments

FY 2006-07 Total Statutory Revenue Sharing Payments = \$405.9 million*



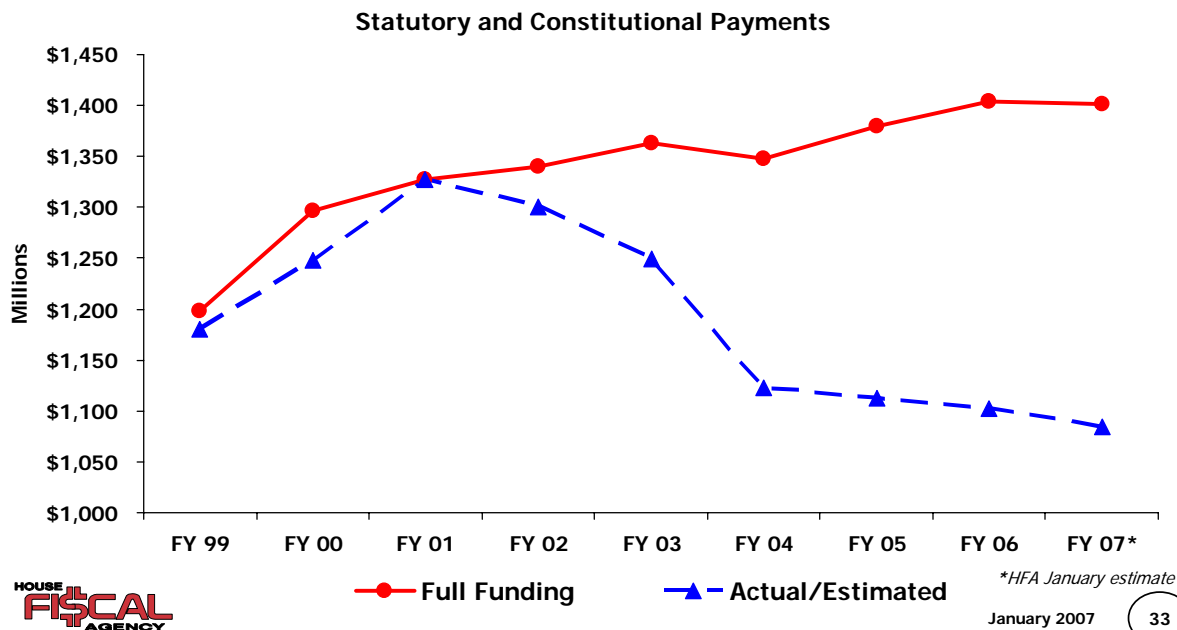
The following slides provide information on the large restricted fund budgets.

The state expects to spend \$405.9 million this year in statutory revenue sharing. Approximately \$211 million [52%] goes to Detroit and represents about 12% of Detroit's budget.

Another \$168 million [41.4%] goes to other cities, and a small portion goes to villages and townships.

It should be noted, however, that through cuts and freezes, the state is already reducing statutory revenue sharing about \$560 million this year.

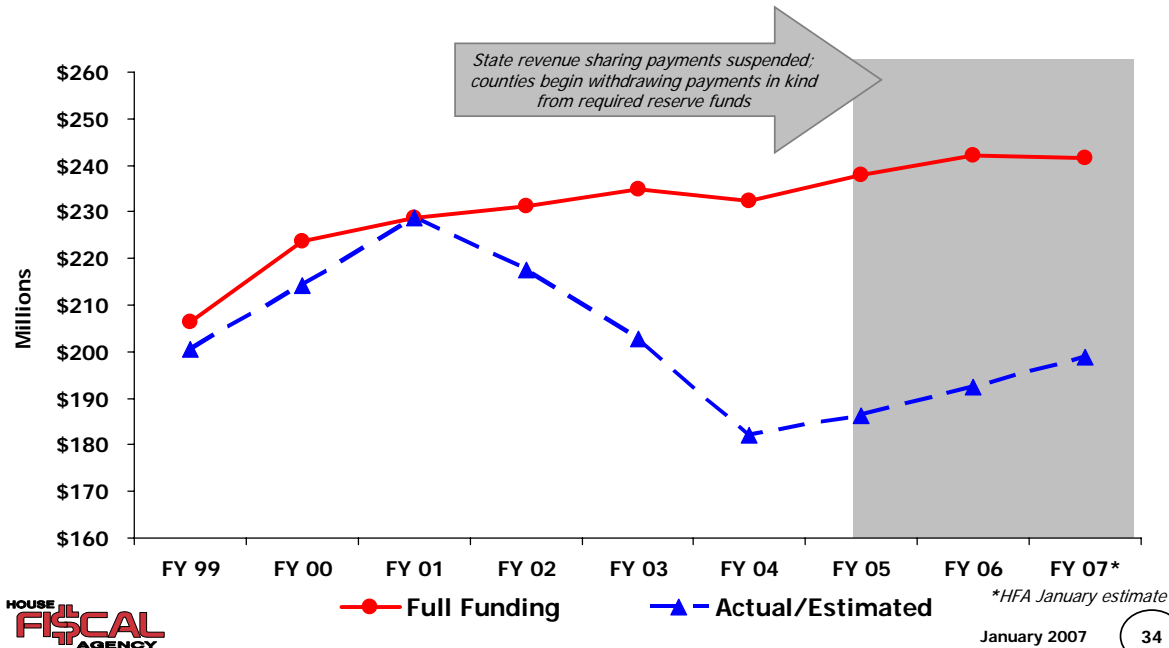
Revenue Sharing Payments to Cities, Villages, and Townships (CVTs)



This slide shows a history of total revenue sharing payments to Cities, Villages, and Townships.

Counties are excluded from this graph because they were removed from the distribution in FY 2004-05. Legislation allowed them to collect some millage early and create a reserve fund—this saved the state \$182.1 million in FY 2004-05 and will save about \$200 million this year.

Revenue Sharing Statutory Payments to Counties



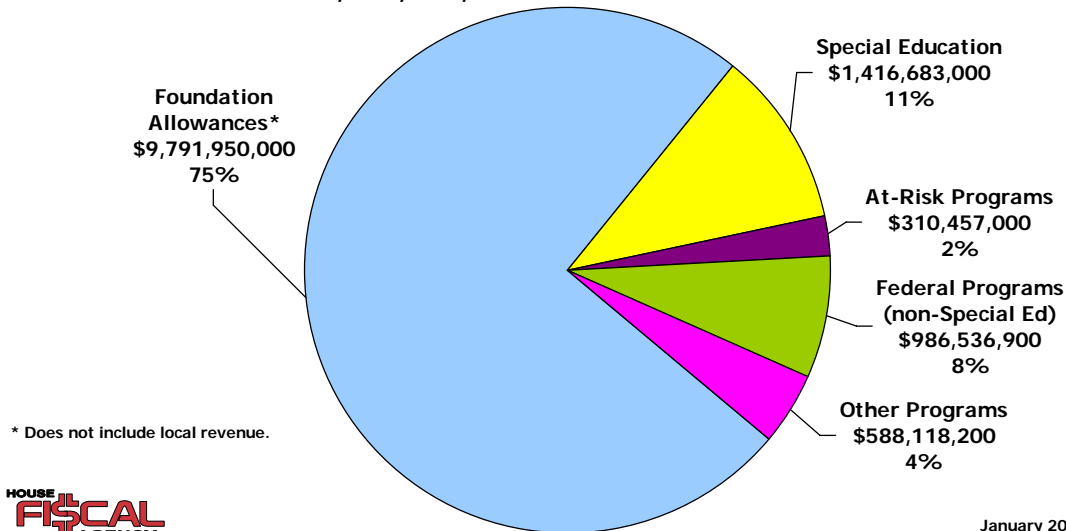
This slide shows how statutory revenue sharing payments to counties have changed over time. The shaded area shows when state payments to counties ceased and they started to use their reserve funds.

In the next few years, counties will begin to run out of reserve funds and a decision about replacing those funds will need to be made.

School Aid Major Spending Categories

FY 2006-07 Total = \$13,093,745,100

Foundation allowances
(used for school operations)
absorb \$3 out of every \$4 spent



This slide shows the major spending categories of the School Aid Budget. Most of the spending—\$9.8 billion (75%)—is for the foundation allowance. The foundation allowance pays for the bulk of school operations. It varies from a low of \$7,085 per pupil to a high of \$12,340 per pupil this year.

The second major spending category is \$1.4 billion for Special Education (11%). This categorical reimburses districts for part of their special education costs as required by law.

No Child Left Behind is about 2/3 of the \$986.5 million (8%) labeled Federal Programs. At-Risk programs to help students who are at risk of academic failure are funded at \$310.5 million (2.4%).

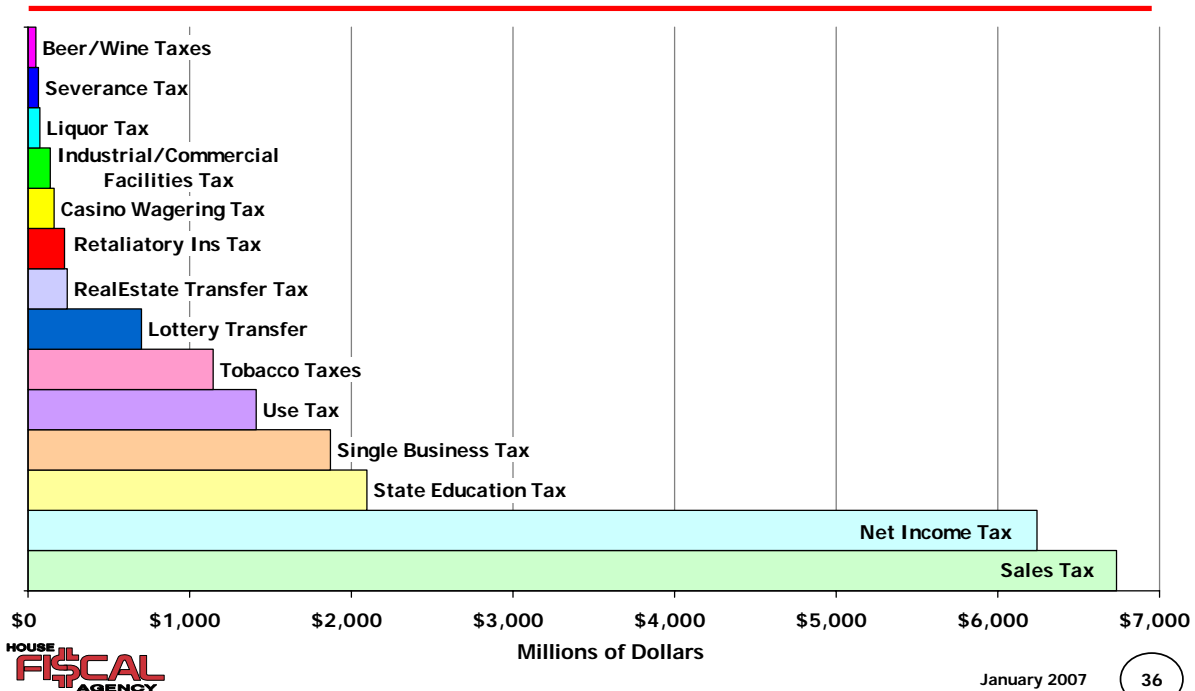
The \$588 million in the "Other Programs" portion includes:

- \$80 million for ISD operations.
- \$98.2 million for various early childhood programs.
- \$20 million each for equity payments, declining enrollment grants, and engineering Michigan's future.
- Several smaller categorical programs that can be cut, and \$222.5 million that cannot be cut.

Reductions within this budget could be achieved in two ways:

- The entire K-12 shortfall could be solved by a \$224 per student proration.
- Some portion of non-mandatory categorical programs could be cut or eliminated.

Michigan's Major Revenue Sources



As noted earlier in this presentation, apart from a temporary solution that pushes the problem forward a bit further, a solution to the state's structural deficit will inevitably involve either:

- Reductions in state services.
- Increased state revenue.
- A combination of reductions in state services and increased state revenue.

Members should be aware that if they determine that solutions should include increasing state revenue, the only tax bases that are big enough to make a significant difference are:

- Taxes on consumption such as sales and use taxes.
- Taxes on income.
- Taxes on property such as the State Education Tax.
- A general business tax.



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In summary:

The State budget has about 1,200 line items. Many of those line items are associated with multiple programs and multiple funding sources. This presentation has looked at only a few of them.

House Fiscal Agency budget analysts are always available to answer Members' questions. As the budget process moves forward, the House Fiscal Agency is available to provide any level of detail on the state budget that Members may require.

For Member convenience, two documents are available on the HFA website. One document is a PowerPoint file of this presentation; the other includes explanations provided in this presentation.